

LEASE NO. BABBITT FEE

CONTRACTOR UNITED DRILLING PO BOX 2488, ROSWELL NM 88202

INITIAL PRODUCTION NONE

(over)

# WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG

## DESIGNATE TYPE OF COMPLETION

New Well ☒ Temporary Abandon ☐ Work-Over ☐ Deepen ☐ Plug Back ☐ Same Reservoir ☐ Different Reservoir ☐ Oil ☐ Gas ☐ Dry ☒

## DESCRIPTION OF WELL AND LEASE

Operator **MCCABE ENERGY, INC.** Address & Phone No. **PO Box 3816, MIDLAND TX 79702**

Federal, State or Indian Lease Number or name of lessor if fee lease **BABBIT** Well Number **1** Field & Reservoir **WILLOCAT**

Location **1980' FSL & 1980' FWL** County **COCONINO**

Sec. Township-Range or Block & Survey  
**9 27N 9E**

Date spudded **07-29-05** Date total depth reached **08-12-05** Date completed, ready to produce **—** Elevation (DF, KB, RT or Gr.) **5054** feet Elevation of casing head flange **10** feet

Total depth **3445** P.B.T.D. **—** Single, dual, or triple completion? **—** If this is a dual or triple completion furnish separate report for each completion

Producing Interval(s) for this completion **—** Rotary tools used (interval) **0-3445** Cable tools used (interval) **—**

Was this well directionally drilled? **No** Was directional survey made? **YES** Was copy of directional survey filed? **YES** Date filed **10-05-05**

Type of electric or other logs run (check logs filed with the Commission) **HDI, SDL/DSEN** Date filed **10-15-05**

## CASING RECORD

Casing (report all strings set in well -- conductor, surface, intermediate, producing, etc.)

Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amount pulled
<b>Surf</b>	<b>12 1/4</b>	<b>9 5/8"</b>	<b>36</b>	<b>1608.28</b>	<b>350 CIB, 310 CIB</b>	
<b>Prod</b>	<b>8 3/4</b>	<b>7"</b>	<b>23</b>	<b>3400</b>	<b>156 prem, 146 Type III</b>	

## TUBING RECORD

## LINER RECORD

Size in.	Depth set ft.	Packer set at ft.	Size in.	Top ft.	Bottom ft.	Sacks cement	Screen (ft.)
—	—	—	—	—	—	—	—

## PERFORATION RECORD

## ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth interval	Amount & kind of material used	Depth interval
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—

## INITIAL PRODUCTION

Date of first production **—** Producing method (indicate if flowing, gas lift or pumping -- if pumping, show size & type of pump)

Date of test	Hours tested	Choke size	Oil prod. during test bbls.	Gas prod. during test MCF	Water prod. during test bbls.	Oil gravity *API
Tubing pressure	Casing pressure	Calculated rate of production per 24 hrs.	Oil bbls.	Gas MCF	Water bbls.	Gas - oil ratio

Disposition of gas (state whether vented, used for fuel or sold)

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the **REGULATORY AGENT** of the **MCCABE ENERGY, INC.** (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

**11/02/05**  
Date

Signature

**STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION**

Well Completion or Recompletion Report and Well Log

File One Copy

Permit No. **922**

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701

Form No. 4

## DETAIL OF FORMATIONS PENETRATED

FORMATION	TOP	BOTTOM	DESCRIPTION *
Kaibab	Surface	?	Interval not logged
	?	1,600	Interval not logged
Coconino	?	1,790	
Supai Group	1,790	2,715	
Red Well	2,715	2,970	
Temple Butte	2,970	3,205	
Muav	3,205	3,390	
Bright Angel	3,390	3,416	
Tapeats	3,416	TD	

\* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

### INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report and well log shall be filed with the Oil and Gas Program Administrator, Arizona Geological Survey, 416 W. Congress #100, Tucson, AZ 85701 not later than thirty days after completion pursuant to A.A.C. R12-7-121.

Form No. 4

To: Oil and Gas Administrator  
Arizona Geological Survey  
416 W. Congress, Suite 100  
Tucson, Arizona 85701

This is to advise you that I accept the abandoned oil or gas exploration well, known as the Babbitt #1, located on the NE/4, SW/4 (quarter-quarter) of Section 9, Township 27N, Range 9E, County of Coconino, Arizona, as a livestock water well.

I accept full responsibility for the proper maintenance and use of the above well, including its final plugging, in compliance with rules of the Arizona Department of Water Resources (12 A.A.C. 15).

I understand that I am responsible for compliance with the provisions of the State Groundwater Code, A.R.S. Title 45, Ch. 2, Article 10, and with any applicable requirements of the federal government.

Signature

Babbitt Ranches, LLC

Address

P.O. Box 520

Flagstaff, AZ 86002

\* \* \* \* \*

State of

Arizona

County of

Coconino

On this, the 18<sup>th</sup> day of October, 2005, before me Luana Buzzell, the undersigned officer, personally appeared William C. Cordasco, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that William C. Cordasco executed the same for the purpose stated therein contained.

In witness whereof I hereunto set my hand and official seal.



Notary Public

Luana Buzzell

My commission expires

June 29, 2007

OIL & GAS CONSERVATION COMMISSION  
WATER WELL ACCEPTANCE  
FORM 26 - File one copy

Permit Number

922

# PLUGGING RECORD

Operator <b>McCabe Energy, Inc.</b>		Address & Phone number <b>PO Box 3816, Midland, TX 79702 432/682-9650</b>	
Federal, State, or Indian Lease No. or lessor's name if fee lease <b>Babbitt</b>	Well No. <b>1</b>	Field & Reservoir <b>Wildcat</b>	
Location of Well <b>1980' FSL &amp; 1980' FWL</b>		Sec - Twp - Rge <b>9 27N 9E</b>	County <b>Coconino</b>
Application to drill this well was filed in name of <b>McCabe Energy</b>	Has this well ever produced oil or gas? <b>No</b>	Character of well at completion (initial production) Oil (bbls/day)      Gas (MCF/day)      Dry? <b>YES</b>	
Date plugged <b>08/13/05</b>	Total depth <b>3445'</b>	Amount well producing when plugged: Oil (bbls/day)      Gas (MCF/day)      Water (bbls/day)	
Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging	Fluid content of each formation	Depth interval of each formation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount of cement
<b>Dry Hole</b>	<b>N/A</b>		

## CASING RECORD

Size pipe	Put in well (ft.)	Pulled out (ft.)	Left in well (ft.)	Give depth and method of parting casing (shot, etc.)	Packers and shoes
<b>9 5/8"</b>	<b>1609'</b>	<b>---</b>	<b>1609'</b>		<b>1608.88'</b>
<b>7"</b>	<b>3400'</b>	<b>---</b>	<b>3400'</b>		<b>float shoe @ 3398.88'</b>
Was well filled with heavy drilling mud, according to regulations? <b>yes</b>				Indicate deepest formation containing fresh water	

## NAME AND ADDRESSES OF ADJACENT LEASE OPERATORS OR OWNERS OF THE SURFACE

Name	Address	Direction from this well
<b>None</b>		

In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.

**1. 50 sx across open hole 2. Not perforated = openhole 3400-3445'.**  
**3. Babbitt Ranches LLC, PO Box 520, Flagstaff, AZ 86002 William Cordasco=Pres**

Use reverse side for additional detail

**928/774-6199**

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Regulatory Agent of the McCabe Energy, Inc. (company) and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

**October 5, 2005**

Date

Signature

**STATE OF ARIZONA**

**OIL & GAS CONSERVATION COMMISSION**

Plugging Record

File One Copy

Permit No. **00922**

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Form No. 10

# APPLICATION TO PLUG AND ABANDON

FIELD Wildcat  
OPERATOR McCabe Energy, Inc. ADDRESS & PHONE PO Box 3816, Midland, 79702  
LEASE NUMBER (Lessor's name if fee) Babbitt WELL NO. 1  
LOCATION 1980' FSL & 1980' FWL

TYPE OF WELL Dryhole TOTAL DEPTH 3445'  
(Oil, Gas, or Dry)

ALLOWABLE (If Assigned) \_\_\_\_\_  
LAST PRODUCTION TEST OIL \_\_\_\_\_ (Bbls.) WATER \_\_\_\_\_ (Bbls.)  
GAS \_\_\_\_\_ (MCF) DATE OF TEST \_\_\_\_\_  
PRODUCING HORIZON \_\_\_\_\_ PRODUCING FROM \_\_\_\_\_ TO \_\_\_\_\_

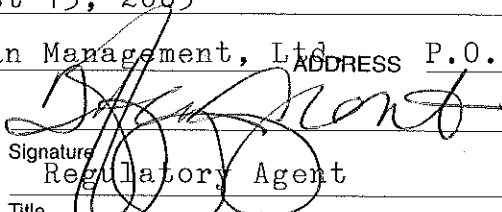
## 1. COMPLETE CASING RECORD:

9 5/8" 36# @ 1,608.28 - 350sx ClB, 310 sx ClB  
7" 23# @ 3,400.00 - 156sx prem, 146sx Type III

## 2. FULL DETAILS OF PROPOSED PLAN OF WORK:

Plug well. 50sx across open hole & verify tie back into 7" casing.

DATE COMMENCING OPERATIONS August 13, 2005  
NAME OF PERSON DOING WORK Cambrian Management, Ltd. ADDRESS P.O. Box 272, Midland, TX 79702

  
Signature  
Regulatory Agent

Title P.O. Box 272, Midland, TX 79702

Address  
October 5, 2005

Date

Mail two copies of completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress #100  
Tucson, AZ 85701

Date Approved 10-11-05 (Verba 18-1205)

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

By SL Raring

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

Application to Plug and Abandon  
File Two copies

Form No. 9

Permit No. 922

2/96

WELL NAME AND NUMBER Babbit No. 1

LOCATION 1980' FSL, 1980' FWL, Section 9, T27N, R9E, Coconino County CO

OPERATOR McCabe Energy, Inc.

DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation tests and obtained the following results:

<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>
<u>3/4° 168'</u>	<u>5-1/4° 2673'</u>	<u>                    </u>
<u>3/4° 307'</u>	<u>6-1/4° 2797'</u>	<u>                    </u>
<u>3/4° 461'</u>	<u>6-1/2° 2893'</u>	<u>                    </u>
<u>1° 643'</u>	<u>                    </u>	<u>                    </u>
<u>1-3/4° 798'</u>	<u>                    </u>	<u>                    </u>
<u>2-1/2° 1049'</u>	<u>                    </u>	<u>                    </u>
<u>2-3/4° 1238'</u>	<u>                    </u>	<u>                    </u>
<u>4-1/2° 2484'</u>	<u>                    </u>	<u>                    </u>

Drilling Contractor United Drilling, Inc.

By: George A. Aho

Title: Business Manager

Subscribed and sworn to before me this 22<sup>nd</sup> day of August, 2005

Carlene Martin  
Notary Public

My Commission Expires: 10/08/08

Chaves New Mexico  
County State

# SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator McCabe Energy, Inc.
2. OIL WELL ☒ GAS WELL ☐ OTHER ☐ (Specify) \_\_\_\_\_
3. Well Name Babbitt #1  
Location 1980' FSL & 1980' FWL  
Sec. 9 Twp. 27N Rge. 9E County Cococino, Arizona.
4. Federal, State or Indian Lease Number, or lessor's name if fee lease \_\_\_\_\_
5. Field or Pool Name Wildcat
6. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF  
FRACTURE TREAT  
SHOOT OR ACIDIZE  
REPAIR WELL

(OTHER)

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

(OTHER)

## SUBSEQUENT REPORT OF:

WEEKLY PROGRESS  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT

X

X

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations, and measured and true vertical depths for all markers and zones pertinent to this work.

08/09/05 - Circulate hole clean. Tally drill string out of hole. Wait on loggers. MIRU Howco Loggers & log well. RDMO Howco. Change out rotating head rubber. RIH w/ bit #3 and drill string. Drill to 3396'.

08/10/05 - Drill to casing set @ 3400'. Circ samples. LD drill string. Wait 1.5 hrs for csg crew. RIH w/ 7" csg string set as detailed. Make sure that casing is on bottom. RU BJ cementers and cement w/ Lead - 156 sx premium lite high strength .25 pps cello flake, 1% FL-52, 2% Kcl, 3# CD-32, 1% R-3 & .25 pps Max Seal. Tail - 146 sxs Type III cement w/ .7% FL-62, .4% CD-32, 2% R-3, .25 pps cello flakes. Bumped plug w/ 600 psi. Float equipment held ok. RDMO Cements. WOC.

Excess casing above KB	-14.46
79 jts 7" 23# K-55 LTC	3368.92
7" float collar	1.06
1 jt 7" 23# K-55 LTC	43.36
7" float shoe	1.12

Tubrolizers on (mid) shoe joint, next 20 jts & every 4<sup>th</sup> jt. 20 total.

08/11/05 - WOC. ND flowline, rotating head, BOP & other equipment. Move 3.5" string onto racks. Cut of 7" csg. NU wellhead, BOP, etc.

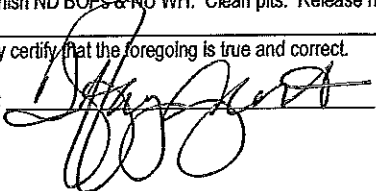
08/12/05 - RIH w/ 6.25" bit & 3.5% drilling assembly. Drill out float collar, cement & float shoe with foam. Drill 2' formation and circulate. 7" shoe is holding with no evidence of water entry. Drill to 3429' and started picking up 25 bph water flow. Drill to 3445' and water flow increased to 150 bph. Released Weatherford air equipment @ 9:10pm POOH w/ drill string & LD DCs. Close well in.

08/13/05 - Send sample of formation water to Flagstaff for analysis. TIH w/ drill ipipe to 3440'. MIRU Key pump truck & spot 50 sx plug C w/ 1% CaCl. WOC 4 hrs and tag TOC @ 3306'. LD DP. Begin ND.

08/14/05 - Finish ND BOPs & NU WH. Clean pits. Release rig.

7. I hereby certify that the foregoing is true and correct.

Signed:



Title Regulatory Technician

Date 08/08/05

Permit No. 00922

## STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Sundry Notice and Reports on Wells  
File One Copy

Form No. 25



# SUNDRY NOTICES AND REPORTS ON WELLS

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TEST WATER SHUT-OFF  
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SHOOT OR ACIDIZE  
REPAIR WELL

(OTHER)

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

(OTHER)

## SUBSEQUENT REPORT OF:

WEEKLY PROGRESS X  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT X

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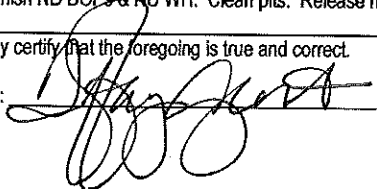
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Sundry Notice and Reports on Wells  
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5. Field or Pool Name Wildcat
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## NOTICE OF INTENTION TO:

## SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF  
FRACTURE TREAT  
SHOOT OR ACIDIZE  
REPAIR WELL

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

WEEKLY PROGRESS  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT

(OTHER)

(OTHER) Cement Surface Casing & Drill

X  
X

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

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08/02/05 - MIRU csg crew. RIH w/ shoe, shoe jt (42.63'), float collar & 37 jts 9 5/8" 36# J-55 csg w/ 10 centralizers & cement basket. Set shoe # 1608.28'. RD csg crew. MIRU cements. Mix & pump 40 bbls aqua-gel spacer, 30 bbls water, 375 sx cl B w/2% metasilicate, 2 PPC gilsonite, & .25 PPS CF @ 12.5 ppg lead slurry @ 310 sx cl B 2/ 1% CaCl & .25 PPS CF tail slurry. Bump plug @ 650 psi. Float held ok. No returns throughout job. Consult w/ Steve Rauzi. Top out w/ 110 sx cl B w 3-4% CaCl down 1" pipe w/ no returns to surface. RDMO cements. Order & Wait on 10 yds redi-mix concrete. Dump redi-mix down annulus & bring cement to surface. Make sure that cement is at surface for 1/2 hour ok. Cement did not fall back. WOC. Lined up casing cut off for 6:30am. Begin nipple down.

08/03/05 - Cut off & trim conductor & 9 5/8" csg. Install Larkin head & NU wellhead flange, annular BOP, rotating heads & flowlines. Begin premixing drilling fluid in steel pits. Prepare to test BOP & RIH w/ bit #2. RU mud logger.

08/04/05 - MIRU BOP accumulator. Pressure test BOP, casing & float to 1000 psi - ok. Continue RIH w/ bit & BHA. Drill out float collar and shoe. Lost returns @ shoe - 1608'. TOOH hole remove jets from bit, TIH. Drill 5 feet got returns in 5 min. Began to get waterflow (est 40 bph). Pull bit up 40', RIH to bottom, tag fill 23' high. Attempt to wash down with air - unsuccessful. Install check valve between air comp and mud pumps. Wash to bottom w/ fluid. Water flow estimated @ 75-80 bph. Resume drilling alternating w/ air and water. Water flow has gradually increased to 100 bph - catch sample. Drilled 321' in 11 hrs.

08/05/05 - Drilling with alternating air (mist) and aerated water. Takes 10-12 min to regain returns after each connection. Contact cementers and casing crews with early notice. Schedule delivery of 3 1/2" drilling pipe & tools. Survey @ 2484' - 3 degrees. ROP - 25'/hr. 23.5 hrs rotating today.

08/06/05 - Drilling with combination air & water. Backed weight off on bit from 30K to 20K, increased rpm from 55 to 58. Deviation continues to increase, reduced weight to 15K, deviation increased to 6 1/2 degrees decreased weight to 10K. Delievered and unloaded 3 1/2" DP, racks, etc. Surveys: 2484' @ 4 1/2 degrees, 2673' @ 5 1/4 degrees, 2797' @ 6 1/4 degree, 2861' @ 6 1/2 degrees. 22.5 hrs rotating.

08/07/05 - Survey @ 2987' - 6 1/2 degrees, lost returns for 1 1/2 hrs following survey. Had to bring a mud pump on line with air equipment to finally circulate. No drag on pipe during connections.

08/08/05 - Increased WOB. Gave notice to HOWCO loggers. Lined up casing crew for 1:00am Tuesday @ cementers for 5:00am Tuesday. Stopped drilling @ 3356' & circulated samples. Circulated until 6:00am. TD @ 3356'.

7. I hereby certify that the foregoing is true and correct.

Signed:

Title Regulatory Technician Date 08/08/05

Permit No. 00922

STATE OF ARIZONA  
OIL & GAS CONSERVATION  
COMMISSION

Sundry Notice and Reports on Wells  
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6

922

dup

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FRACTURE TREAT  
SHOOT OR ACIDIZE  
REPAIR WELL

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

(OTHER)

## SUBSEQUENT REPORT OF:

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

WEEKLY PROGRESS  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT

(OTHER) Cement Surface Casing & Drill

X  
X

(NOTE: Report results of multiple completion on Well  
Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations, and measured and true vertical depths for all markers and zones pertinent to this work.

08/02/05 - MIRU csg crew. RIH w/ shoe, shoe jt (42.63'), float collar & 37 jts 9 5/8" 36# J-55 csg w/ 10 centralizers & cement basket. Set shoe # 1608.28'. RD csg crew. MIRU cements. Mix & pump 40 bbls aqua-gel spacer, 30 bbls water, 375 sx cl B w/2% metasilicate, 2 PPC gilsonite, & .25 PPS CF @ 12.5 ppg lead slurry @ 310 sx cl B 2/ 1% CaCl & .25 PPS CF tail slurry. Bump plug @ 650 psi. Float held ok. No returns throughout job. Consult w/ Steve Rauzi. Top out w/ 110 sx cl B w 3-4% CaCl down 1" pipe w/ no returns to surface. RDMO cements. Order & Wait on 10 yds redi-mix concrete. Dump redi-mix down annulus & bring cement to surface. Make sure that cement is at surface for 1/2 hour ok. Cement did not fall back. WOC. Lined up casing cut off for 6:30am. Begin nipple down.

08/03/05 - Cut off & trim conductor & 9 5/8" csg. Install Larkin head & NU wellhead flange, annular BOP, rotating heads & flowlines. Begin premixing drilling fluid in steel pits. Prepare to test BOP & RIH w/ bit #2. RU mud logger.

08/04/05 - MIRU BOP accumulator. Pressure test BOP, casing & float to 1000 psi - ok. Continue RIH w/ bit & BHA. Drill out float collar and shoe. Lost returns @ shoe - 1608'. TOOH hole remove jets from bit, TIH. Drill 5 feet got returns in 5 min. Began to get waterflow (est 40 bph). Pull bit up 40', RIH to bottom, tag fill 23' high. Attempt to wash down with air - unsuccessful. Install check valve between air comp and mud pumps. Wash to bottom w/ fluid. Water flow estimated @ 75-80 bph. Resume drilling alternating w/ air and water. Water flow has gradually increased to 100 bph - catch sample. Drilled 321' in 11 hrs.

08/05/05 - Drilling with alternating air (mist) and aerated water. Takes 10-12 min to regain returns after each connection. Contact cementers and casing crews with early notice. Schedule delivery of 3 1/2" drilling pipe & tools. Survey @ 2484' - 3 degrees. ROP - 25'/hr. 23.5 hrs rotating today.

08/06/05 - Drilling with combination air & water. Backed weight off on bit from 30K to 20K, increased rpm from 55 to 58. Deviation continues to increase, reduced weight to 15K, deviation increased to 6 1/2 degrees decreased weight to 10K. Delivered and unloaded 3 1/2" DP, racks, etc. Surveys: 2484' @ 4 1/2 degrees, 2673' @ 5 1/4 degrees, 2797' @ 6 1/4 degree, 2861' @ 6 1/2 degrees. 22.5 hrs rotating.

08/07/05 - Survey @ 2987' - 6 1/2 degrees, lost returns for 1 1/2 hrs following survey. Had to bring a mud pump on line with air equipment to finally circulate. No drag on pipe during connections.

08/08/05 - Increased WOB. Gave notice to HOWCO loggers. Lined up casing crew for 1:00am Tuesday @ cementers for 5:00am Tuesday. Stopped drilling @ 3356' & circulated samples. Circulated until 6:00am. TD @ 3356'.

7. I hereby certify that the foregoing is true and correct.

Signed: 

Title Regulatory Technician Date 08/08/05

Permit No. 00922

922

## STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Sundry Notice and Reports on Wells  
File One Copy

Form No. 25

# SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator McCabe Energy, Inc.
2. OIL WELL ☒ GAS WELL ☐ OTHER ☐ (Specify) \_\_\_\_\_
3. Well Name Babbitt #1  
Location 1980' FSL & 1980' FWL  
Sec. 9 Twp. 27N Rge. 9E County Cococino, Arizona.
4. Federal, State or Indian Lease Number, or lessor's name if fee lease \_\_\_\_\_
5. Field or Pool Name Wildcat
6. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF  
FRACTURE TREAT  
SHOOT OR ACIDIZE  
REPAIR WELL

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

WEEKLY PROGRESS  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT

(OTHER)

(OTHER) RU & SPUD

X  
X

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

1. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations, and measured and true vertical depths for all markers and zones pertinent to this work.

07/25/05 - Cement conductor pipe to surface. Begin moving in United rig #5, set sub, dog house, portable office and mud pumps. Deliver and unload BOPs, rotating heads, blooey line, weld on flange. Haul in and spread 4 loads of gravel on worst section of road. Schedule delivery of fuel, trash container and portapottys.

07/26/05 - While attempting to dig reserve pits, solid rock was encountered. Blasters were not available in the time frame required. Attempt to rip location with D-9 unsuccessful. Began digging pits with trencher, trencher broke down. Refabricated pump system on rig to work straight from reserve pits.

07/27/05 - Continue RU. MI remaining parts of the rig and air package. Line reserve pit. Cut off conductor pipe. Weld on flange, weld inlets and blooey line, etc. Remove all drilling line from rig. Delivered fuel and fill rig water storage tanks.

07/28/05 - Raise derrick, install guy, derrick climbing & Geronimo lines. Replace & re-string drilling line, tie back on 10 lines. Fill rig water storage tanks. Deliver annular BOP, blooey line support platforms, flow control valve, etc to location & unload.

07/29/05 - Continue to RU. Cut out rig floor to access rat hole. Install inlet to blooey line for water injection. RU centrifugal pump to unload water truck. Deliver to location & unload drilling fluid materials. Set up office trailer. Check water in tanks - ph-7, chlorides - 200, hardness-80.

07/30/05 - Well was <sup>spud</sup> (12 1/2" surface hole) @ 10:20am 07/29/05. Unload drill pipe. Tighten air package connections. Set overflow pipe in reserve. Drill 511' in 19.5 hrs. Run 3 surveys (168 @ 1/4, 307 @ 1/4, 461 @ 3/4).

07/31/05 - Change rotating head gasket. Formation got wet (798'). Work out of tight hold (45'). Changed to air mist balance. Survey (643 @ 1, 798' @ 1 1/4, 1049 @ 2 1/4).

08/01/05 - Strap & talley surface casing. 38 jts 9 5/8" csg = 1610.28'. Weatherford lost compressor @ 3:00am. Returns were marginal throughout the day. Compressor was replaced at 7:00pm. Drilling was ceased (4:50pm until 7:25pm). Afterwards, returns looked good (1463'-1493'). During the next connection, returns were lost & did not come back before reaching TD. Circulated 1 hr on bottom before pulling out of hole. TOOH, LD 8" DC's. Wat on csg crew. Prepare to run surface casing and cement. Survey (1238 @ 2 1/4).

7. I hereby certify that the foregoing is true and correct.

Signed: 

Title Regulatory Technician Date 08/01/05

Permit No. 00922

STATE OF ARIZONA  
OIL & GAS CONSERVATION  
COMMISSION

Sundry Notice and Reports on Wells  
File One Copy

Form No. 25

06

922

dup.

# SUNDRY NOTICES AND REPORTS ON WELLS

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2. OIL WELL ☒ GAS WELL ☐ OTHER ☐ (Specify) \_\_\_\_\_
3. Well Name Babbitt #1  
Location 1980' FSL & 1980' FWL  
Sec. 9 Twp. 27N Rge. 9E County Cococino, Arizona.
4. Federal, State or Indian Lease Number, or lessor's name if fee lease \_\_\_\_\_
5. Field or Pool Name Wildcat
6. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

## NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF  
FRACTURE TREAT  
SHOOT OR ACIDIZE  
REPAIR WELL

PULL OR ALTER CASING  
DIRECTIONAL DRILL  
PERFORATE CASING  
CHANGE PLANS

(OTHER)

## SUBSEQUENT REPORT OF:

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING

WEEKLY PROGRESS  
REPAIRING WELL  
ALTER CASING  
ABANDONMENT

(OTHER) RU & SPUD

X  
X

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log, Form 4)

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Signed: 

Title Regulatory Technician Date 08/01/05

Permit No. 00922

## STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION

Sundry Notice and Reports on Wells  
File One Copy

Form No. 25

922

**Cambrian Management, LTD**  
**Daily Drilling Report**

WELL NAME:	Babbitt #1		DATE:	8/13/2005	
FIELD:	Angel Bright				
AFE NUMBER					
PURPOSE:					
RIG CONTRACTOR:	United Drilling	RIG NO.:	5	PUSHER	Larry Marquez
PRESENT OPERATION:	Rigging down drilling rig, etc.				
FORECAST:					
DAY #	13	DEPTH	3408' PBTD	FOOTAGE	0'
DAILY COSTS:	\$34,902	PRIOR CUM COST:		CUM COST:	\$0

SUMMARY:		Sent sample of formation water to City of Flagstaff lab for analysis (w/ Pusher).				Bit	#1	#2	#3	#4
5:45am - Contact Key Pumping Services to pump cement plug (not available). Contacted BJ & Halliburton (not available). 8:02am - Called Arizona Oil & Gas Com. (Steve Rauzi) for plugging instructions. Mr. Rauzi not available. Contacted Data Nations (Chairman - AZ Oil & Gas Com.). Mr. Nations began search for Mr. Rauzi. 11:40 am - Key called back & can send a cement pump truck w/ 160 sacks cement (ETA = 9:00pm). 12:47 Contacted Steve Rauzi (AZ O&G Com.) for instructions. Plugging Instructions are as follows: Spot 60 sacks cement across open hole interval (3408' to 3445') Tie cement plug into 7" casing shoe @ 3408'. Contact rancher - honor his decision concerning setting of surface plug. My question to Mr. Rauzi was "I should ask the rancher (Bill Cardasco) whether or not to set a cement plug @ surface"? Mr. Rauzi's response was "yes, let him decide - that will meet all State of AZ requirements". 1:12pm - Called Bill Cardasco to ask him if he wanted us to put a cement plug @ the surface or not. His response was " no, he did not want a plug @ surface". I told him that we would leave the 7" wellhead on the well and close the well in.		Size	12-1/4'	8-3/4"	8-3/4"	6-1/4"				
		Jets	open	none	open					
		Type	HAT417GC	Sec. II type	HP51X	Varel				
		SN	CO8988	729341	PP1029					
		In @	40	1614'	3355'	3408'				
		Out @	1614'	3355'	3406'	3445'				
		Hours	52.5	96.5	2.5	1.5				

Rig (Footage)	\$0	Cementing	\$8,960	Trucking	\$0
Rig (Daywork)	\$10,500	Casing Crews	\$0	Welder	\$0
Drilling Fluid	\$0	Misc Rentals	\$0	Wellhead	\$0
Water	\$0	Open Hole Logging	\$0	Surveyor	\$0
Supervision	\$1,000	Mud Logging	\$0	Rat Hole	\$0
Location	\$0	Float Equipment	\$0	Bits	\$0
Casing	\$0	Special Services	\$12,780	Adjustment	\$0

922

# CEMENT JOB DETAIL SHEET



922

## Daily Drilling Report

WELL NAME: Babbitt #1 DATE: 8/10/2005  
FIELD: Angel Bright  
AFE NUMBER \_\_\_\_\_  
PURPOSE: \_\_\_\_\_  
RIG CONTRACTOR: United Drilling RIG NO.: 5 PUSHER Larry Marquez  
PRESENT OPERATION: WOC  
FORECAST: \_\_\_\_\_

DAY # 10 DEPTH 3400' FOOTAGE 45'

DAILY COSTS:	<u>\$82,611</u>	PRIOR CUM COST:	<u>\$536,698</u>	CUM COST:	<u>\$619,309</u>
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[illegible]

Rig (Footage)	\$0	Cementing	\$0	Trucking	\$0
Rig (Daywork)	\$10,500	Casing Crews	\$7,877	Welder	\$0
Drilling Fluid	\$0	Misc Rentals	\$1,700	Wellhead	\$0
Water	\$0	Open Hole Logging	\$0	Surveyor	\$0
Supervision	\$1,000	Mud Logging	\$625	Rat Hole	\$0
Location	\$0	Float Equipment	\$0	Bits	\$6,100
Casing	\$46,575	Special Services	\$4,300	Adjustment	\$0

922



# CEMENT JOB REPORT



CUSTOMER McCabe Energy		DATE 08-AUG-05	F.R. # 216434908	SERV. SUPV. LOUIS W SHELBY								
LEASE & WELL NAME BABBITT 1 - API 02005200340000		LOCATION Sec 15-T27N-R9E		COUNTY-PARISH-BLOCK Coconino Arizona								
DISTRICT Farmington		DRILLING CONTRACTOR RIG #		TYPE OF JOB Long String								
SIZE & TYPE OF PLUGS		LIST-CSG-HARDWARE		PHYSICAL SLURRY PROPERTIES								
Cement Plug, Rubber, Top 7 in		Centralizer, with Pins, 7 in		SACKS OF CEMENT	SLURRY WGT PPG	SLURRY YLD FT <sup>3</sup>	WATER GPS	PUMP TIME HR:MIN	Bbl SLURRY	Bbl MIX WATER		
		Guido Shoe, Cement Nose, 7 in										
MATERIALS FURNISHED BY BJ												
Rig Water					8.4				20			
Mud Clean I					8.4				20			
Rig Water					8.4				20			
Premium Lite HI Strength FM				155	12.5	2.02	9.98	03:00	55.89	36.75		
Type III + Additives				150	14.5	1.39	6.79	01:30	37.22	24.26		
Rig Water					8.4				123.25			
Available Mix Water 800 Bbl. Available Displ. Fluid 800 Bbl.				TOTAL				276.15	81.01			
HOLE			TBG-CSG-D.P.				COLLAR DEPTHS					
SIZE	% EXCESS	DEPTH	SIZE	WGT.	TYPE	DEPTH	GRADE	SHOE	FLOAT	STAGE		
8.75	90	3410	7	30	CSG	3390		3410	3384			
LAST CASING			PKR-CMT RET-BR PL-LINER			PERF. DEPTH		TOP CONN		WELL FLUID		
SIZE	WGT	TYPE	DEPTH	BRAND & TYPE		DEPTH	TOP	BTM	SIZE	THREAD	TYPE	WGT.
8.625	40		1600						7	8RND	FRESH WATER	8.5
DISPL. VOLUME		DISPL. FLUID		CAL. PSI	CAL. MAX PSI	OP. MAX	MAX TBG PSI		MAX CSG PSI		MIX WATER	
VOLUME	UOM	TYPE	WGT.	BUMP PLUG	TO REV.	SQ. PSI	RATED	Operator	RATED	Operator		
132.5	BBLs	Rig Water	8.4	650	0	0	0	0	4360	3488	Rig tank	
EXPLANATION: TROUBLE SETTING TOOL, RUNNING CSG, ETC. PRIOR TO CEMENTING:												
PRESSURE/RATE DETAIL						EXPLANATION						
TIME HR:MIN.	PRESSURE - PSI		RATE BPM	Bbl. FLUID PUMPED	FLUID TYPE	SAFETY MEETING: BJ CREW <input checked="" type="checkbox"/> CO. REP. <input checked="" type="checkbox"/>						
	PIPE	ANNULUS				TEST LINES 3500 PSI						
						CIRCULATING WELL - RIG <input checked="" type="checkbox"/> BJ <input checked="" type="checkbox"/>						
20:30						On location @ 8:30 pm						
23:00						Safety meeting						
23:24						Pressure test lines to 3500 psi						
23:31	200	0	5.5	1	H2O	Start 20 bbls H2O						
23:34	200	0	5.5	20	MC	Start 20 bbls mud clean						
23:38	200	0	5.5	20	H2O	Start 20 bbls H2O						
23:42	410	0	5.8	20	H2O	Start 56 bbls lead cmt @ 12.5 ppg						
23:52	320	0	5.8	56	CMT	Start 37 bbls tail cmt @ 14.5 ppg						
23:57	0	0	0	37	CMT	Shut down , Drop plug						
00:01	100	0	6	1	H2O	Start 132.5 bbls H2O displacement						
00:35	30	0	1	132	H2O	Late pressure 30 psi						
00:35	520	0	0	132.5	H2O	Bump plug , Check float , Held						
						0 bbls cmt to pit						
BUMPED PLUG	PSI TO BUMP PLUG	TEST FLOAT EQUIP.	BBL CMT RETURNS/ REVERSED	TOTAL BBL. PUMPED	PSI LEFT ON CSG	SPOT TOP OUT CEMENT	SERVICE SUPERVISOR SIGNATURE:					
<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	520	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	0	286	0	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Louis Shelby					

922

# CEMENT JOB DETAIL SHEET



922

922



## PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION,  
STATE OF ARIZONA,

To: MCCABE ENERGY INC. #1 BABBITT

(OPERATOR)

to drill a well to be known as

#1 BABBITT

(WELL NAME)

located 1980' FSL & 1980' FWL

Section 9 Township 27N Range 9E, COCONINO County, Arizona.

The N 1/2 SW QTR of said

Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this 29 day of OCTOBER, 2004 19.

OIL AND GAS CONSERVATION COMMISSION

By SL Ravis

EXECUTIVE DIRECTOR  
OIL & GAS ADMINISTRATOR

PERMIT 00922

RECEIPT NO. 213 3128

A.P.I. NO. 02-005-20035

State of Arizona  
Oil & Gas Conservation Commission  
Permit to Drill

FORM NO. 27

# APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒

RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR

McCabe Energy, Inc.

Address PO Box 3816 City Midland State TX 79702 Phone Number 432/682-9653

Drilling Contractor

United Drilling

Address PO Box 2488, Roswell, NM 88202

## DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor

---

Well number

Babbitt #1

Elevation (ground)

tbd

Nearest distance from proposed location to property or lease line:

1980

feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:

N/A

feet

Number of acres in lease

640

Number of wells on lease, including this well, completed in or drilling to this reservoir:

0

If lease purchased with one or more wells drilled, from whom purchased.

Name

Address

N/A

Well location (give footage from section lines)

1980 FSL & 1980 FWL

Section - Township - Range or Block and Survey

9, T-27-N, R-9-E

Dedication per A.A.C. R12-7-104(A)(3)

N 1/2 SW Qtr

Field and reservoir (if wildcat, so state)

Wildcat

County

Coconino

Distance in miles and direction from nearest town or post office

3 miles NNE of Gray Mountain

Proposed depth:

5000

Rotary or cable tools

Rotary

Approximate date work will start

November 22, 2004

Bond status

on-file

Organization Report

On file XX

Or attached

Filing Fee of \$25.00

Attached Check # 310

Remarks

Certified plat from the surveyor as soon as it is ready.

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: Regulatory Tech Agent of the McCabe Energy, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

API # 02-005-20035

Tiffany Grant

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Signature

October 28, 2004

Date

Permit Number:

922

Approval Date:

10-29-04

Approved By:

SL Raut

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION

Application to Drill or Re-enter  
File Two Copies

Form No. 3

(Complete Reverse Side)

5/96



111°27'00" W

111°26'00" W

WGS84 111°25'00" W

**McCABE ENERGY, INC.**

**BABBITT No. 1**

**1980' FSL 1980' FWL**

**NE/4 SW/4 OF SEC. 9, T-27-N, R-9-E, G. & S. R.M.**

**COCONINO COUNTY, ARIZONA**

35°45'00" N

35°45'00" N

35°44'00" N

35°44'00" N

35°43'00" N

35°43'00" N



**BABBITT No. 1**

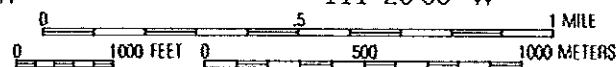
**LAT. 35.44.01.1 N (NAD 83)**

**LONG. 111.26.29.9 W (NAD 83)**

111°27'00" W

111°26'00" W

WGS84 111°25'00" W



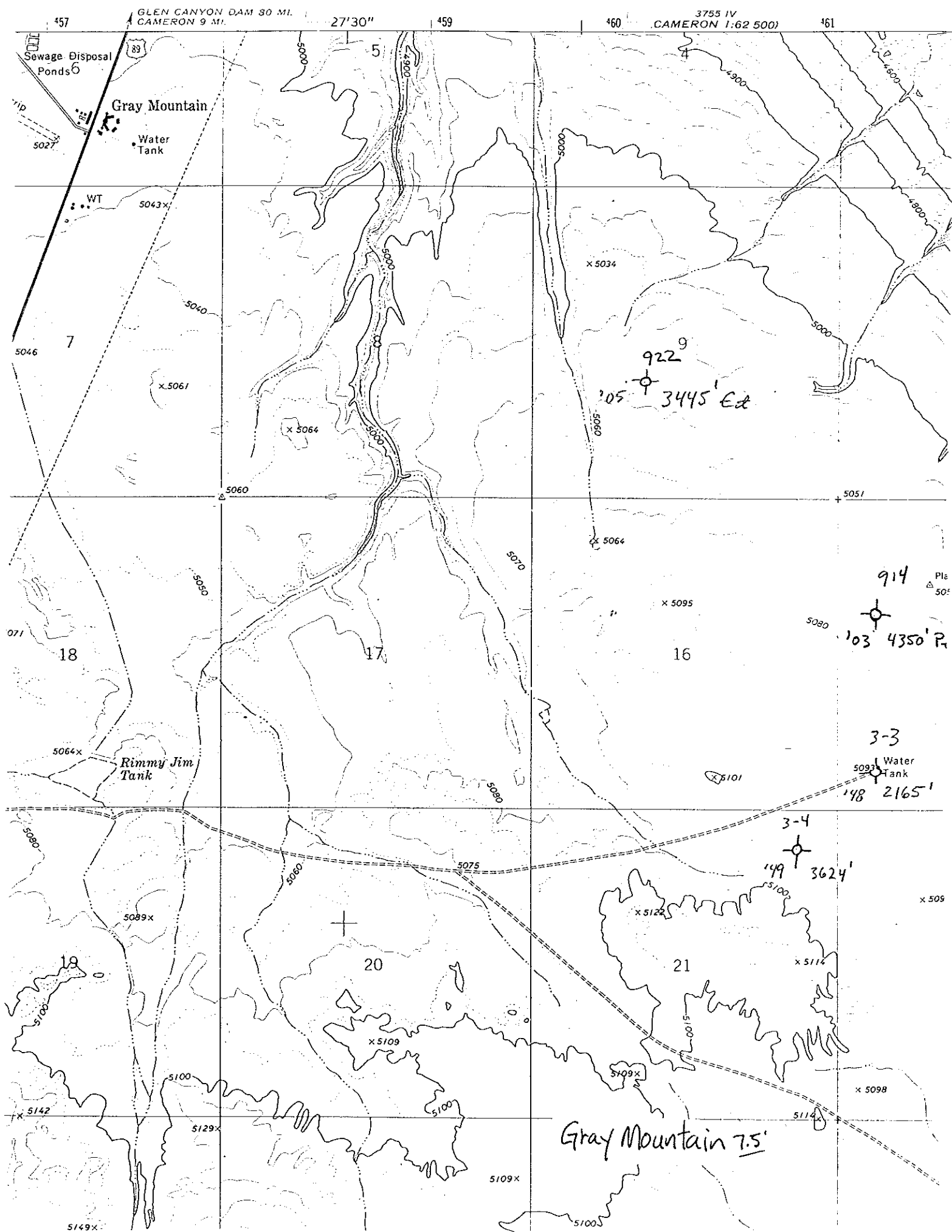
Map created with TOPO!® ©2002 National Geographic ([www.nationalgeographic.com/topo](http://www.nationalgeographic.com/topo))

1. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.
2. A registered surveyor shall show on the plat the location of the well and certify this information in the space provided.
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.
4. Is the operator the only owner in the dedicated acreage outlined on the plat below ?    YES XX    NO \_\_\_\_\_
5. If the answer to question four is no, have the interests of all owners been consolidated by communitization agreement or otherwise?  
YES \_\_\_\_\_ NO \_\_\_\_\_    If answer is yes, give type of consolidation \_\_\_\_\_
6. If the answer to question four is no, list all the owners and their respective interests below:

Owner Babbitt Ranch	Land Description High Desert
9, T-27-N , R-9-E	
	<p align="center"><b>CERTIFICATION</b></p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p align="right"><i>Alan D. Means</i> Alan D. Means</p> <p>Name Owner/Petro Engineer</p> <p>Position Cambrian Management, Ltd.</p> <p>Company October 28, 2004</p> <p>Date</p>
	<p>I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p align="right"><i>Alan D. Means</i></p>
<p>Date Surveyed</p> <p>Registered Land Surveyor</p> <p>Certificate No.</p>	

## PROPOSED CASING PROGRAM

	Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
Surface	9 5/8"	36#	J or K55	0	1600	1600 to surf	460	Premium light hi-strength Type 3
rod	7"	20#	J or K55	0	3390	3390 to surf	302	Same as above





**McCabe Energy  
Babbitt #1**

**Drilling Procedure**

922

1. Set conductor pipe at 40', and drill mouse and rat holes.
2. Move in and rig United Drilling.
3. Drill 12 1/4" hole to 1600' utilizing air/mist. Anticipate severe losses on water at 400'+/-.
4. Load hole with fresh water and POOH.
5. Rig up casing crews and run 1600' of 9 5/8" casing. Casing jewelry: 10 centralizers, Texas Pattern shoe, and float first joint above shoe.
6. Rig up B J Services cementers and cement 9 5/8" casing as follows: 213 sacks Premium Lite High Strength w/ 2% CC, .25 #/sk Cello flake. Tail in with 247 sacks Type III Cement w/ 1% CC, .25 #/sk Cello flake. Bring extra 100 sacks of neat cement to 1" down backside.
7. Wait on cement 4 hours, start nipping up wellhead and BOP's. Rig up rotating head and valve in rig flow line.
8. Pick up 8 3/4" bit and drill out float collar and shoe.
9. Drill 8 3/4" hole with air/mist until water flows are encountered at approximately 3100'.
10. Geologist will pick casing point at the base of the Bright Angel Shale at approximately 3390'.
11. At intermediate TD pump reserve pit into well and pull out of hole with drill pipe and collars.
12. Rig up casing crews and run 7" casing to TD at 3390'+/- . Casing jewelry: 12 centralizers, Texas Pattern shoe and float collar first joint above shoe.
13. Rig up B J Services cementers and cement 7" intermediate casing as follows: Lead slurry-156 sacks Premium Lite High Strength w/ .25 #/sk Cello flake, 1% bwoc Fl-52, 2% bwoc KCl, .3% bwoc CD-32, .1% bwoc R-3, .25#/sk Max Seal.

Tail in with 146 sacks Type III Cement w/ .7% bwoc FL-62, .4% bwoc CD-32, .2% bwoc R-3, .25#/sk Cello flake.


14. WOC 8 hrs.

15. RIH 6 1/4" bit and drill with air below 7" casing.

16. Drill and flow test Tapeats Formation and Chuar Group, approximate TD 4500' with possibility of drilling to 5000'.

17. POOH with bit and drill pipe and open hole log from TD to base of casing at approximately 3390'.

18. Well may be open hole completed in the Tapeats.

Drilling prognosis prepared by:   
Cambrian Management, Ltd.

Date: 10/12/04

(922)

<b>RECEIPT</b>		Date <u>Oct 29</u> <u>2004</u>		No. <u>3128</u>	
Received From <u>Cambrian Management (McCabo Energy)</u>					
Address <u>PO Box 272 Midland TX 79702</u>					
For <u>Twenty five and no 100</u> Dollars \$ <u>25.00</u>					
For <u>filing fee Permit 922</u>					
ACCOUNT			HOW PAID		
AMT. OF ACCOUNT			CASH		
AMT. PAID			CHECK <input checked="" type="checkbox"/>	<u>25</u>	<u>00</u>
BALANCE DUE			MONEY ORDER		
			By <u>SL Rains</u>		

8K806 Rediform

922

05243 11-24  
Office AU # 1210(8)  
Purchaser: MCCABE ENERGY INC  
Purchaser Account: 7400538655  
Operator I.D.: nwbx7918

# OFFICIAL CHECK

SERIAL #: 0524307685  
ACCOUNT#: 4861-505725

PAY TO THE ORDER OF \*\*\*ARIZONA OIL AND GAS CONSERVATION COMMISSION\*\*\*  
\*\*\*RE:MCCABE ENERGY\*\*\*

October 27, 2004

\*\*\*Ten thousand dollars and no cents\*\*\*

\*\*\*\$10,000.00\*\*\*

Wells Fargo and Company Issuer  
420 MONTGOMERY STREET  
SAN FRANCISCO, CA 94163  
PAYABLE AT WELLS FARGO BANK, N.A.  
FOR INQUIRIES CALL (480) 394-3122

NOTICE TO PURCHASER-IF THIS INSTRUMENT IS LOST,  
STOLEN OR DESTROYED, YOU MAY REQUEST CANCELLATION  
AND REISSUANCE. AS A CONDITION TO CANCELLATION AND  
REISSUANCE, WELLS FARGO & COMPANY MAY IMPOSE A  
FEE AND REQUIRE AN INDEMNITY AGREEMENT AND BOND.

VOID IF OVER US \$ 10,000.00

NON-NEGOTIABLE

## Purchaser Copy

05243 Office AU #	11-24 1210(8)	OFFICIAL CHECK	0524307685
Operator I.D.: nwbx7918			
PAY TO THE ORDER OF		***ARIZONA OIL AND GAS CONSERVATION COMMISSION*** ***RE:MCCABE ENERGY***	October 27, 2004
***Ten thousand dollars and no cents***			***\$10,000.00***
Wells Fargo and Company Issuer 420 MONTGOMERY STREET SAN FRANCISCO, CA 94163 PAYABLE AT WELLS FARGO BANK, N.A. FOR INQUIRIES CALL (480) 394-3122			VOID IF OVER US \$ 10,000.00 <i>Richard Perry</i> CONTROLLER

⑈0524307685⑈ ⑆121000248⑆4861 505725⑈

<b>RECEIPT</b>		Date	Oct 28, 2004	No.	3127
Received From		McCabe Energy Inc.			
Address		P.O. Box 3816, Midland TX 79702			
For		Ten thousand and no/100 — Dollars \$10,000.00			
For		Cash Performance bond Permit 922			
ACCOUNT		HOW PAID			
AMT. OF ACCOUNT	/	CASH			
AMT. PAID		CHECK	✓	10,000.00	
BALANCE DUE		MONEY ORDER			
		By		<i>SL Rain</i>	

8K806 Rediform

922

# ORGANIZATION REPORT

Full Name of the Company, Organization, or Individual

McCabe Energy, Inc.

Mailing Address and Phone Number

P. O. Box 3816, Midland, TX 79702

Plan of Organization (State whether organization is a corporation joint stock association, firm or partnership, or individual)

Subchapter S Corporation

Purpose of Organization (State type of business in which engaged)

Oil & Gas Exploration and Development

If a reorganization, give name and address of previous organization

If a foreign corporation give (1) State where incorporated Texas	(2) Name and mailing address of state agent CT - Corporation System 3225 N. Central Avenue Phoenix, AZ 85012	(3) Date of permit to do business in state Pending
Principal Officers or Partners (if partnership) NAME Edward T. McCabe	TITLE President & Secretary	MAILING ADDRESS P. O. Box 3816 Midland, TX 79702

DIRECTORS NAME	MAILING ADDRESS
Edward T. McCabe	P. O. Box 3816, Midland, TX 79702

CERTIFICATE I, the undersigned, under the penalty of perjury state that I am the President of the McCabe Energy, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

*Edward T. McCabe*

Signature

October 27, 2004

Date

Mail completed form to  
 Oil and Gas Program Administrator  
 Arizona Geological Survey  
 416 W. Congress., #100  
 Tucson, AZ 85701

STATE OF ARIZONA

**OIL & GAS CONSERVATION COMMISSION**

Organization Report  
 File One Copy

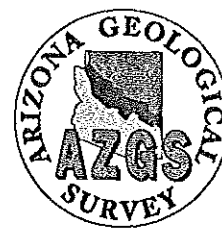
Form No. 1



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
[www.azgs.az.gov](http://www.azgs.az.gov)



M. Lee Allison  
Director and State Geologist

September 29, 2006

Gregory L Hair  
Executive Vice President  
McCabe Energy Inc.  
PO Box 3816  
Midland TX 79702

Re: Release of Cash Bond #1 Babbitt well, State Permit 922

Dear Mr. Frei:

I have attached payment (warrant number 211434253) of the \$10,000 cash bond posted by McCabe Energy Inc. for the referenced well.

Records of the Oil and Gas Conservation Commission indicate that McCabe Energy Inc. drilled and plugged the well and has no outstanding drilling, plugging, or reporting obligations with respect to the referenced well so the bond is now available for release.

Sincerely,

A handwritten signature in cursive script, appearing to read "SL Rauzi".

Steven L. Rauzi  
Oil and Gas Program Administrator

Enclosure: Warrant #211434253

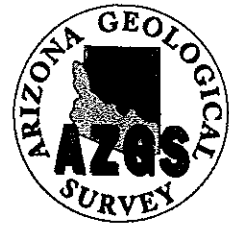
922



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
[www.azgs.az.gov](http://www.azgs.az.gov)



M. Lee Allison  
Director and State Geologist

September 14, 2006

Gregory L Hair  
Executive Vice President  
McCabe Energy Inc  
P O Box 3816  
Midland TX 79702

922

Re: McCabe Energy #1 Babbitt well; State Permit #922

Dear Greg:

This will acknowledge your letter of September 11 with attached mud log and second page of the completion report for the referenced well. I will initiate release of your cash bond upon receipt of the washed and dried samples

Sincerely,

*Steve*

Steven L. Rauzi  
Oil & Gas Administrator



Janet Napolitano  
Governor

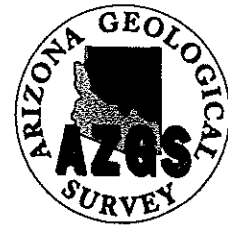
State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100

Tucson, Arizona 85701

(520) 770-3500

[www.azgs.az.gov](http://www.azgs.az.gov)



M. Lee Allison  
Director and State Geologist

September 14, 2006

Memo: Mary Andrade, Administrative Assistant  
Copy: Beverley Donahue, Administrative Services Officer  
From: <sup>922</sup> Steven L. Rauzi, Oil and Gas Administrator

Re: Release of \$10,000 McCabe Energy cash bond

McCabe Energy Inc. posted a \$10,000 cash bond in October 2004 for the #1 Babbitt well (State Permit #922). McCabe Energy Inc. submitted a written request for release of the cash bond on September 11, 2006.

Records of the Oil and Gas Conservation Commission indicate that McCabe Energy Inc. drilled and plugged the well and has no outstanding drilling, plugging, or reporting obligations with respect to the #1 Babbitt (State Permit #922) so the bond is now available for release.

McCabe Energy Inc. is in the system as a vendor. Please make the refund check out to McCabe Energy Inc. and I will mail it to McCabe Energy Inc. with a cover letter upon receipt of the refund check. Thank you.

Attachments to this memo include:

- Receipt for the McCabe Energy Inc. cash bond for Permit 922
- Vendor set up for McCabe Energy Inc.



**McCABE ENERGY, INC.**

Edward T. McCabe

P.O. Box 3816

Midland, Texas 79702

(432) 682-9653

Office

(432) 682-0503

Fax

September 11, 2006

Steve Rauzi  
Oil and Gas Conservation Commission  
416 W. Congress, Suite 100  
Tucson, Arizona 85701

RECEIVED

SEP 14 2006

Steve,

Enclosed is a copy of the mudlog on the McCabe Energy Babbitt #1 well in Coconino County. Also enclosed is the completed form #4 with the formations encountered in the well. Under separate cover we will be sending two sets of cuttings from this well. I believe that this material satisfies our reporting requirements for this well. Because our operations in Arizona have concluded, I would like to request that we be released from our bond and the bond refunded as soon as practical. Additionally I would like to thank you for all of the assistance you offered on this well and throughout our exploration efforts in Arizona, it was truly appreciated.

Sincerely,



Gregory L. Hair  
Executive Vice President

922

STATE: ARIZONA  
COUNTY: COCONINO  
API: 02-005-20035  
FIELD: WILDCAT  
WELL CLASS: WF  
MCCABE ENERGY INC

9-27N-9E  
C NE SW  
1980 FSL 1980 FWL SEC  
STATUS: D&A

1 BABBITT

---

SPUD : 07/30/2005 COMP : 08/13/2005 ELEV : 5070 EG  
TD : 3443 (08/12/2005) FM/TD : TAPEATS DTD : 3443  
CONTR : UNITED DRILLING CORPORATION RIG # 5 (VERTICAL)  
PROJ DEPTH/FM : 5000 PERMIT # 922 (ST APPD PMT: 10/29/2004) LEASE TYPE: FEE TARGET  
OBJ: O&G

DTD: 3443; COMPDATE: 08/13/2005; D&A; NO CORES CUT , NO DST RUN

; CASING : 9 5/8 IN @ 1614, 7 IN @ 3400;  
LOG TYPES : DNL, IL, GR;  
OPER ADD : BOX 3816, MIDLAND, TX 79702, (915)682-9653;

Re: Plug & Abandon

**Subject:** Re: Plug & Abandon

**From:** Steve Rauzi <Steve.Rauzi@azgs.az.gov>

**Date:** Thu, 01 Sep 2005 13:14:14 -0700

**To:** Tiffany Grant <tgrant@Cambrianmgmt.com>

922

Forms 9 and 10. You'll need to submit Form 9 after-the-fact because I discussed and verbally approved the current bottom hole plug with Andy Irvin by telephone on Friday August 12. If further testing is done then the proposed plugging of that work will need to be added to the existing plug back. Once all testing is finished and properly plugged back in accordance with A.A.C. R12-7-127 then Babbitt Ranches will need to complete and file Form 26. The forms are attached.

Link to oil & gas rules: [http://www.azsos.gov/public\\_services/Title\\_12/12-07.pdf](http://www.azsos.gov/public_services/Title_12/12-07.pdf)

Tiffany Grant wrote:

Steve,  
What forms do I need to file on the Babbitt #1 plug & abandon?  
I tried to find forms and maybe a checklist on the website, but didn't find any help.  
Thanks,  
Tiffany

*Tiffany D. Grant*

Cambrian Management, Ltd.  
P.O. Box 272  
Midland, Texas 79702  
Office: 432/620-9181  
Mobile: 432/425-5165  
Fax: 432/570-0102  
[tgrant@Cambrianmgmt.com](mailto:tgrant@Cambrianmgmt.com)

V. 78, no. 147

## Midland operator preparing to drill Arizona wildcat

**M**IDLAND INDEPENDENT McCabe Energy Inc has moved in United Drilling's Rig #5 to drill a 3500-ft wildcat in north-central Arizona about five miles south of the town of Cameron.

The 1 Babbitt, ne sw 9-27n-9e, east-central Coconino County, is designed to evaluate the Cambrian Tapeats. It's a little more than a mile northwest of the Clayton Williams Energy Inc 1 Babbitt in sw nw 15-27n-9e, which was completed in early 2004 as a 4350-ft dry hole. Williams set seven-inch liner to 3775 ft at that wildcat and perforated Tapeats at 3170-3480 and 3524-34 ft. Production test results were not reported.

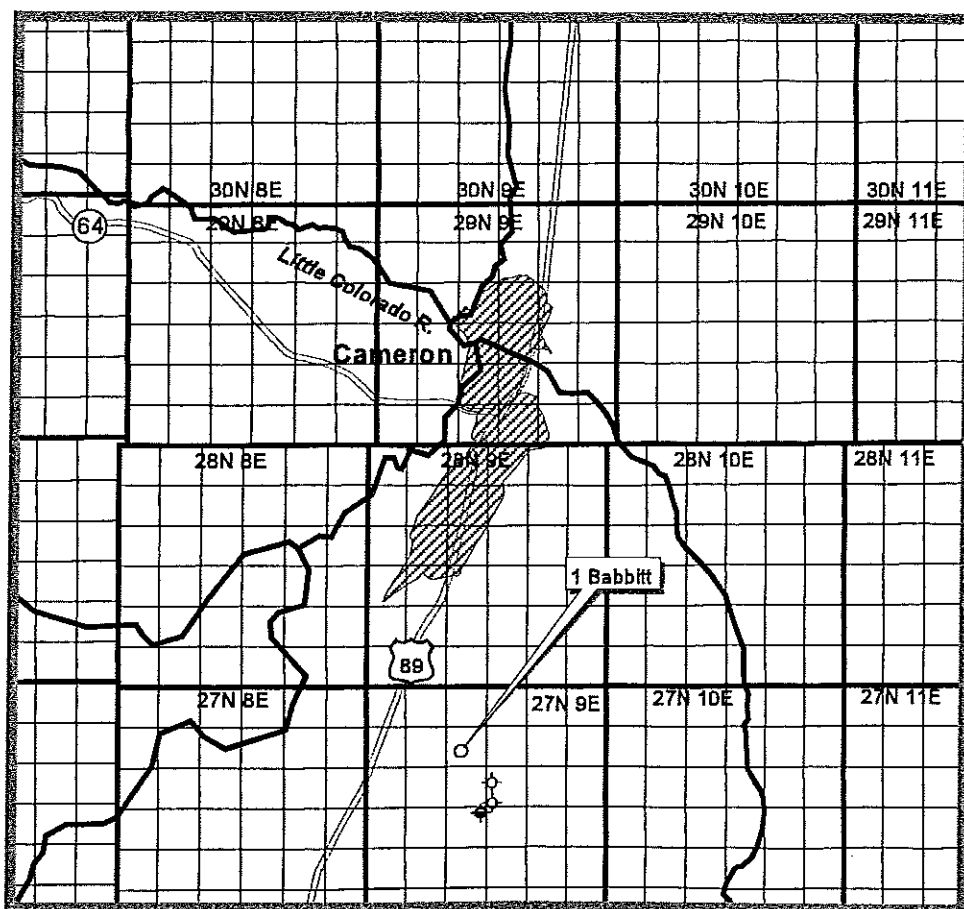
McCabe's new venture is within two miles north-northwest of two other dry holes. In 1948, Barron-Steele Co completed the 1 Babbitt-Bar, sw sw 15-27n-9e, as a 2165-ft dry hole. Sample tops at that wildcat include Coconino at 340 ft and Hermit shale at 1740 ft.

In 1949, Lockhart Brothers completed a wildcat (also designated the 1 Babbitt-Bar) in ne ne 21-27n-

9e as a 3624-ft dry hole. The latter well was cored between 2042 and total depth. Formation tops, measured from a kelly bushing elevation

3622 ft.

The nearest production is approximately 130 miles to the northeast, at fields in the Four



of 5106 ft, include Mississippian "C" at 2715 ft, Martin 2930, Bright Angel 3378, Tapeats 3402 and granite at

Corners region. Upper Valley field, a Kaibab oil pool in southern Utah, is about 135 miles to the north.

8-8-05 Andy Irvin called

TO intermediate hole at 3356'

Will log from 3356 up to shoe @ 1608'

Drilled black shale last few feet.

Lost cir immediately below shoe & when  
stop to survey.

BJ to cut in morning.

Key couldn't blend required cut at Farm yard.



**Cambrian**  
MANAGEMENT, LTD.

P.O. Box 272  
Midland, Texas 79702  
Off: 432-620-9181  
Fax: 432-570-0102

July 22, 2005

922

Steve Rauzi  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Re: Certified plat for Babbitt #1

Dear Mr. Rauzi:

Enclosed is an official surveyed plat.

Please contact me if I can provide further information.

Sincerely,



Tiffany D. Grant  
❖ Cambrian MANAGEMENT, LTD.

**Subject:** Re: Babbitt #1

**From:** Steve Rauzi <Steve.Rauzi@azgs.az.gov>

**Date:** Fri, 08 Jul 2005 07:51:48 -0700

**To:** Tiffany Grant <tgrant@Cambrianmgmt.com>

922

Yes, as specified in the conditions upon which the permit to drill was approved and summarized in my letter of October 29, 2004, which is attached. You'll need to notify me 48 hours before spudding the well and keep me informed as to the expected time of running and cementing surface casing. I hope this well hits. Steve

Tiffany Grant wrote:

Steve,

Do we need to fill out any Sundry notices on this well? We plan to spud next week.

Thanks,

Tiff

*Tiffany D. Grant*

Cambrian Management, Ltd.

P.O. Box 272

Midland, Texas 79702

Office: 432/620-9181

Mobile: 432/425-5165

Fax: 432/570-0102

[tgrant@Cambrianmgmt.com](mailto:tgrant@Cambrianmgmt.com)

7-15-05

Alan Means called: Expect to spud Mon or Tues next week.

7-19-05 Andy Etrvin (432-631-3888) Still building loc + access rd. Set 30-40' conduct with small spudder rig. Anticipate moving in by 2-3 days.

Re: Babbitt #1

**Subject:** Re: Babbitt #1

**From:** Steve Rauzi <Steve.Rauzi@azgs.az.gov>

**Date:** Wed, 29 Jun 2005 09:22:25 -0700

**To:** Tiffany Grant <tgrant@Cambrianmgmt.com>

922

Yes I received your letter and it will suffice. Sorry I neglected to acknowledge your letter earlier. Permit 922 remains valid under the conditions listed in my letter of October 29, 2004.

Tiffany Grant wrote:

Steve,

Did you receive my extension letter? Will it suffice? Or do we need to re-permit to drill this well? They are looking to spud the well a week from Monday.

Thanks,  
Tiffany

*Tiffany D. Grant*

Cambrian Management, Ltd.

P.O. Box 272

Midland, Texas 79702

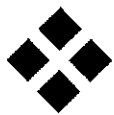
Office: 432/620-9181

Mobile: 432/425-5165

Fax: 432/570-0102

[tgrant@Cambrianmgmt.com](mailto:tgrant@Cambrianmgmt.com)





**Cambrian**  
MANAGEMENT, LTD.

P.O. Box 272  
Midland, Texas 79702  
Off: 432-620-9181  
Fax: 432-570-0102

June 16, 2005

922

Steve Rauzi  
Oil & Gas Conservation Commission,  
State of Arizona  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Re: McCabe Energy, Inc. #1 Babbitt  
Permit #: 00922  
API #: 02-005-20035

Dear Mr. Rauzi:

Cambrian Management, Ltd, as agent for McCabe Energy, Inc., would like to request an extension for the Permit to Drill dated October 29<sup>th</sup>, 2004. We have been waiting on a drilling rig and anticipate spudding the well the week of July 1<sup>st</sup>. The drilling rig company is United Drilling.

I can be reached at the numbers above if you have any questions or require additional information. Thank you for your help in this matter.

Sincerely,

Tiffany Grant  
Regulatory Analyst

❖ **Cambrian** MANAGEMENT, LTD.

Re: Babbitt #1

**Subject:** Re: Babbitt #1  
**From:** Steve Rauzi <Steve.Rauzi@azgs.az.gov>  
**Date:** Tue, 14 Jun 2005 07:18:46 -0700  
**To:** Tiffany Grant <tgrant@cambrianmgmt.com>

Six months, but it is possible to extend upon written request.

Tiffany Grant wrote:

Steve,  
How long before an Arizona drilling permit expires?

Thanks,  
Tiffany

*Tiffany D. Grant*  
Cambrian Management, Ltd.  
P.O. Box 272  
Midland, Texas 79702  
Office: 432/620-9181  
Mobile: 432/425-5165  
Fax: 432/570-0102  
[tgrant@cambrianmgmt.com](mailto:tgrant@cambrianmgmt.com)

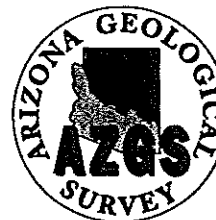
922



Janet Napolitano  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500  
www.azgs.az.gov



Larry D. Fellows  
Director and State Geologist

October 29, 2004

Mr. Greg Hair  
McCabe Energy, Inc.  
P O Box 3816  
Midland TX 79702

922

Re: McCabe Energy 1 Babbitt, Sec. 9-27n-9e, Coconino Co., Permit 922

Dear Mr. Hair:

I have enclosed an approved application to drill, permit to drill #922, performance bond receipt #3127, and filing-fee receipt 3128.

The application is approved on the condition that McCabe Energy conduct its operations in compliance with all applicable statutes and rules of the State of Arizona and that McCabe Energy or its designated representative *notify me at least 24 hours* before you:

- Move in drilling equipment and commence operations,
- Run and cement surface casing, and
- Nipple up and test the BOPE

An operator shall post a sign at the well site pursuant to A.A.C. R12-7-106 and submit drilling samples and all other well data and information pursuant to A.A.C. R12-7-121. Several Sundry Notice forms are enclosed for your use in reporting all pertinent drilling and testing activity to the Oil and Gas Conservation Commission of the State of Arizona. Daily drilling reports shall detail the spud date, progress and status of the well and shall be submitted to the Commission at the letterhead address on a weekly basis through the completion of operations. Thank you.

Sincerely,

Steven L. Rauzi  
Oil & Gas Administrator

Enclosures

c J. Dale Nations, Chairman, Oil and Gas Conservation Commission  
Larry D. Fellows, Director and State Geologist



# Cambrian

MANAGEMENT, LTD.

P.O. Box 272  
Midland, Texas 79702  
Off: 432-620-9181  
Fax: 432-570-0102

October 28, 2004

Steve Rauzi  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

922

Re: Application to Drill

Dear Mr. Rauzi:

McCabe Energy has contracted with Cambrian Management to drill the Babbitt #1. Enclosed you will find two copies of the Application for Permit to Drill for the Babbitt #1 and a check for the application fee in the amount of \$25.00.

An official surveyed plat will be forwarded to you as soon as it is available.

Please contact me if I can provide further information.

Sincerely,

Tiffany D. Grant

 Cambrian MANAGEMENT, LTD.

RECEIVED

OCT 29 2004

**Subject:** AZ substitute W-9  
**From:** Steve Rauzi <Steve.Rauzi@azgs.az.gov>  
**Date:** Thu, 28 Oct 2004 08:55:37 -0700  
**To:** gregcol@mccabenergy.com

922

Greg, Please fill out and return the attached substitute W-9. This is necessary for eventual return of the cash bond. Thanks, Steve

**McCABE ENERGY, INC.**

Edward T. McCabe

P.O. Box 3816

Midland, Texas 79702

(432) 682-9653

Office

(432) 682-0503

Fax

922

October 27, 2004

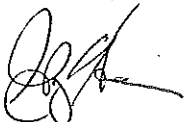
Mr. Steven L. Rauzi  
Oil & Gas Administrator  
Arizona Geological Survey  
416 W. Congress, Suite 100  
Tucson, Arizona 85701

Dear Mr. Rauzi;

Enclosed are our Organization Report and Performance Bond along with a cashier's check in the amount of \$10,000. Please be advised that we have an Application for Authority to do business in the State of Arizona currently pending with the Corporation Commission. We spoke with Kathleen Caine in that office, she said the application was in good order and would be approved shortly. We are starting the rest of the process so that our consultant, Alan Means of Cambrian Management in Midland can stake a location and get bids from various contractors. We anticipate commencing the well around December 1 and will be filing an application for a drilling permit shortly.

If you detect any errors or omissions or have a question please feel free to contact me at the number above. Thank you for your assistance in this matter.

Sincerely,



Greg Hair  
Executive Vice President

RECEIVED

OCT 28 2004